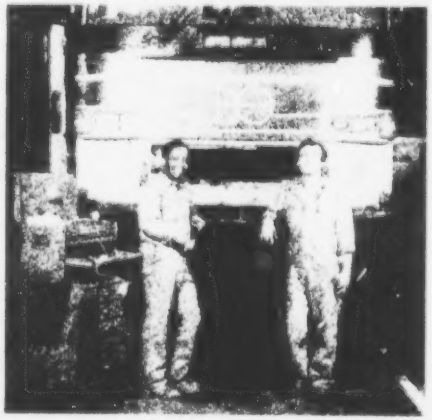
GO Transit Annual Report

For the year ended March 31, 1988



Toronto Area Transit Operating Authority

89-05499/

GO TRANSIT

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21 July 1988

The Honourable Ed Fulton
Minister of Transportation
Ferguson Block
Queen's Park
Toronto, Ontario
M7A 1Z8

Dear Mr. Minister:

It is my honour, on behalf the Members of the Board, to present the 1987-88 annual report of the Toronto Area Transit Operating Authority.

It is also my pleasure to extend our thanks to you and your staff at the Ministry of Transportation for your continuing co-operation and assistance, a special relationship which we at GO Transit hope will continue to grow.

Respectfully submitted,

L.H. Parsons

Louis H. Parsons
Chairman

Ministry of Transportation / Ministère des Transports

Ferguson Block, 3rd Floor
77 Wellesley St. West
Toronto, Ontario
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Office of the Minister / Bureau du ministre

(416) 965-2181

22 July 1988

The Honourable Lincoln M. Alexander
Lieutenant Governor of Ontario
Legislative Building
Queen's Park
Toronto, Ontario
M7A 1A1

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour and the Legislative Assembly the report of the activities of the Toronto Area Transit Operating Authority for the year ended 31 March 1988.

Respectfully submitted,

Ed Fulton

Ed Fulton
Minister

TWENTY YEARS OF SERVICE

Two decades of service to commuters of the Greater Toronto Area. That landmark was reached on May 23, 1987, when GO Transit celebrated its 20th birthday.

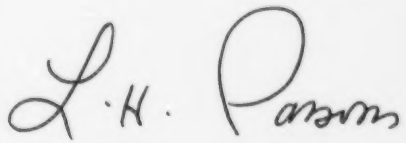
The GO Transit of today, however, is a far cry from the GO Transit of 1967. At its inception GO was just a single train line along the Lakeshore, an experimental service that the Government of Ontario gave three years to prove itself. Public acceptance of the fledgling service was so great, though, that within the first six months the ridership forecast for the second year of operation had already been attained. Today it is a comprehensive, extensive network of integrated GO Train and GO Bus service, connecting with municipal transit systems at many points. It is still growing.

GO Transit is justifiably proud of this success. But rest on laurels it must not. If the GO commutershed's population continues multiplying rapidly, the future will pose even greater challenges than before; GO – and the Province, and all other transit operators – will have to strive even harder to keep abreast of the population's transit needs, to keep Southern Ontario's transportation network top-notch.

The Province recognizes the challenges. So that public funds are spent wisely, it is expending great effort to ensure full coordination of future transportation investments in order that the needs of the entire Greater Toronto Area are well served. This effort is summarized in this report; it is already evident in new initiatives such as the GO-TTC Twin Pass, which is a major step towards fully integrated transfer between different transit systems. Other important developments will occur in the near future as the Province's blueprint comes to fruition, and GO stands prepared, as always, to contribute to that realization.

I would like to thank everyone who has been part of the GO effort in the past fiscal year: staff, the Board, the Ministry of Transportation, the train and bus operating contractors. CN Rail, which operates five of the six GO Train lines, deserves special mention for helping to forge a new operating agreement that, for the first time, includes performance incentives for the railway – inducements which will encourage greater efficiency, and excellence.

The drive for excellence, I am confident, will carry GO Transit to new plateaus in the next 20 years, and beyond.



L. H. PARSONS
Chairman

NEW HEIGHTS, NEW CHALLENGES

The year past contained both achievements and challenges. GO Transit rode to new heights: ridership increased substantially; a new bus service was inaugurated; GO's unique fare integration program expanded significantly with the introduction of Twin Pass. Yet in spite of inflation, and the continuing – and increasing – demand for inter-regional transit, GO kept the per-passenger costs of providing service in check.

The year's highlights follow. They chronicle another successful year of operation, but at the same time underline the fact that many new challenges lie ahead, challenges that must be met if GO Transit is to continue being a vital, integral part of the Toronto area's high-quality transportation network.

T. G. SMITH
Managing Director

◀ *Train and bus ridership reached new heights*

Front cover: Employees make the system GO

Back cover: GO celebrated 20th birthday at Ontario Place

SERVICE

Ridership

Ridership leapt upwards in 1987-88 at a rate far greater than that of any of the last five fiscal years.

System carryings (rail, bus, and contract service combined) surged to nearly 29 million passenger trips from 27 million the fiscal year before, an increase of 6.7 per cent; 1.2 million of these additional 1.8 million trips were generated by the GO Train network.

Rail ridership was up by 7.1 per cent, with all lines posting an annual increase of at least 3 per cent. In sheer numbers the Lakeshore line, which accounted for 77 per cent of total rail ridership, dominated again: its carryings rose by nearly a million trips, compared to 185,000 for the other five lines combined.

GO Bus carryings rose by 6.2 per cent, a considerable jump compared with the growth rate of recent years. The Bayview route, where service levels were increased during the year, registered the largest gain of 25.2 per cent (133,000 additional trips). Strong growth occurred again in the Lakeshore East, Milton, and Newmarket corridors, but passenger volumes continued declining on the Hamilton Lakeshore and Oakville train meet services, likely because of improvements in both local transit and GO Train service.

Average weekday ridership broke the 100,000-trip barrier seven months during the fiscal year (eight if the Canada's Wonderland contract service's ridership is included). August's average was just below the 100,000 mark, despite a nationwide railway strike that shut down GO Train service for a week. And September's ridership fell short of 110,000 passengers per average weekday by just 250 trips.

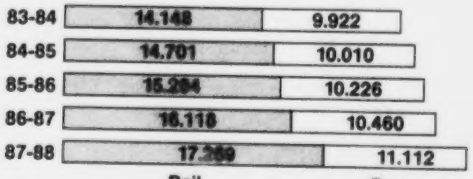
Two factors were largely responsible for the GO system's continual growth: Southern Ontario's economic boom, which, simply put, means more people are working and therefore commuting to work; and the decentralizing population of the Greater Toronto Area (GTA), coupled with employment growth in downtown Toronto (the railway lands development alone is expected to create as many as 210,000 new jobs by the year 2011).

The result: greater demand on all existing transportation facilities, including highways and transit. And the more congested these highways get, the more GO Transit becomes an attractive alternative to commuting by car – especially to residents in the GTA's outer regions.

In the off-peak, demand remained strong for service for special events and attractions such as Exhibition Place, Ontario Place, and Blue Jay baseball and Argonaut football games; recognizing these venues as important sources of revenue, GO continued promoting off-peak service to the public as a convenient and comfortable alternative to driving.

Exhibition Place was as usual a big draw, resulting in 9.1 per cent of all Lakeshore train ridership boarding or alighting at Exhibition station. Arrivals at that station were up 5.7 per cent over the fiscal year before; several months in particular showed dramatic increases: February with 227 per cent over the previous February, July with 81 per cent, and September, 197 per cent. However, August arrivals dropped by 64 per cent and Canadian National Exhibition ridership by 37 per cent because of the railway strike.

Passenger Carryings
Millions



Contract service excluded

Service enhancement

Service was improved for the passenger in a number of ways during the fiscal year.

In October a new GO Bus service was introduced to serve the rapidly expanding urban area west of Metropolitan Toronto. Dubbed the Highway 403 service for its routing, it links Oakville and Mississauga with the Yorkdale and York Mills subway stations in north Metro. Carryings started out modestly, but by year end the service was beginning to show encouraging signs of growth and regular passenger usage.

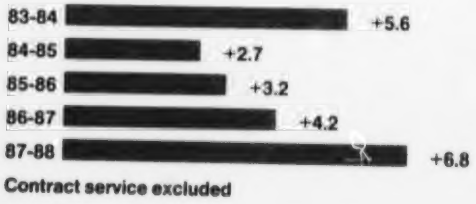
October also saw the launch of Call FIRST, the first automated telephone information system of its kind in North America. A pilot project funded by the Province's Ministry of Transportation, FIRST (For Information Regarding Stop Times) is being tested in Oakville by GO and Oakville Transit and is the first such computerized telephone system to give information on connections between separate transit services. It operates round the clock, supplementing GO's and Oakville's manual telephone information services.

GO broke new ground again in January when it launched Twin Pass jointly with the Toronto Transit Commission. A Ministry of Transportation pilot project as well, Twin Pass offers commuters combined travel on GO and the TTC at a sizeable discount: it lets passengers buy – in a single transaction – their GO adult monthly pass and TTC adult Metropass for $20 less than the cost of buying both separately. The Twin Pass combination proved instantly popular: more than 10,000 passes were sold in the first three months of operation. Initially targeted at Union Station passengers, the project aims ultimately at fully coordinating travel for commuters in the GTA by letting transit riders transfer smoothly from one service to another.

At year end, work was well under way for another significant improvement for passengers: expanding Proof of Payment ticketing to the entire rail network. Known simply by its acronym, POP is an honor fare system that was introduced in May 1985 for a trial run on the Milton line; it puts passengers on their honor, doing away with the need to deposit a ticket or show a pass every time on entry or exit – proof of fare payment need only be produced in spot checks by transit enforcement staff. POP will not only streamline the ticketing operation but also make it more convenient to ride GO, especially for commuters on monthly passes, since access to the trains will be impeded only by the random inspections for valid fare media. Much of the fiscal year was devoted to preparing for the change-over to the POP system, scheduled for October 1988.

System Passenger Carryings

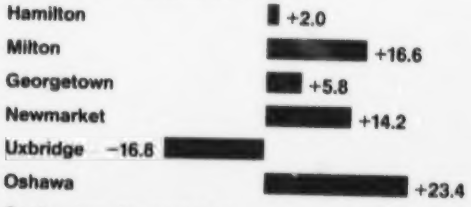
Percentage change over previous fiscal year



Contract service excluded

Bus Corridor Carryings

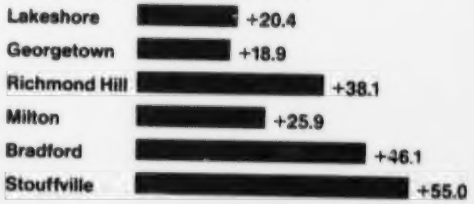
Percentage change 83-84 to 87-88



Contract service excluded

Rail Corridor Carryings

Percentage change 83-84 to 87-88



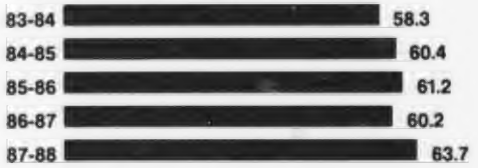
Cost of service

Despite ever-increasing demand for service by the travelling public, GO Transit kept a tight rein on costs and managed to become even more cost-efficient than before.

It recovered 63.7 per cent of its operating costs through revenue in 1987-88, the best cost recovery performance to date (GO's target is 65 per cent). A fare increase designed to raise revenues by 4.2 per cent was put into effect on July 1. And while expenses and revenues have increased considerably over the last few fiscal years, the deficit funded by the Province through direct subsidy has changed only marginally; the cost to provide a ride to each passenger has, despite inflation, also been held in line, at approximately $4.70 for the last four years.

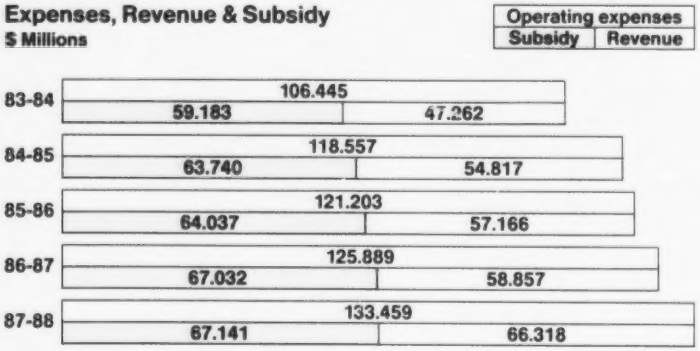
GO will continue to make every effort to improve this performance, to attain the 65-per-cent goal.

Cost Recovery
Percentage of operating costs recovered through revenue

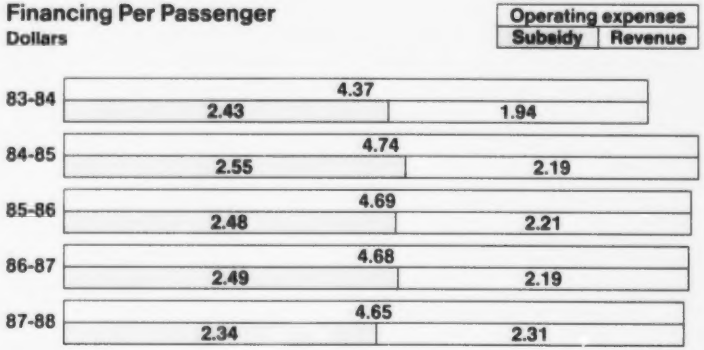


See Notes to financial statements

Expenses, Revenue & Subsidy
$ Millions



Financing Per Passenger
Dollars



Statistics

Corridor	Passengers Carried (Thousands) 1987-88	1986-87	% Change	Route Kilometres Operated (At year end) 1987-88	1986-87	Kilometres Operated (Thousands) 1987-88	1986-87
Rail							
Lakeshore	13,140	12,174	+ 7.9	97	97	1,365	1,363
Georgetown	1,523	1,478	+ 3.0	47	47	92	93
Richmond Hill	649	600*	+ 8.2	34	34	83	89
Milton	1,384	1,335	+ 3.7	50	50	90	93
Bradford	260	231	+12.6	67	67	31	31
Stouffville	313	300	+ 4.3	46	46	22	22
Total	**17,269**	**16,118**	**+ 7.1**	**341**	**341**	**1,683**	**1,691**
Bus							
Hamilton	2,261	2,237	+ 1.1	178	178	4,229	4,130
Milton	183	161	+13.7	116	60	558	463
Georgetown	1,396	1,376	+ 1.5	217	217	2,415	2,316
Newmarket	4,469	4,149	+ 7.7	323	323	4,071	3,884
Uxbridge	114	117	– 2.6	124	124	380	405
Oshawa	2,689	2,420	+11.1	172	172	2,721	2,635
Total	**11,112**	**10,460**	**+ 6.2**	**1,130**	**1,074**	**14,374**	**13,833**
System Subtotal	**28,381**	**26,578**	**+ 6.8**	**1,471**	**1,415**	**16,057**	**15,524**
Canada's Wonderland Contract Service	361	347	+ 4.0	29	29	471	467
System Total	**28,742**	**26,925**	**+ 6.7**	**1,500**	**1,444**	**16,528**	**15,991**

*Incorrect in 1986-87 report

ROLLING STOCK

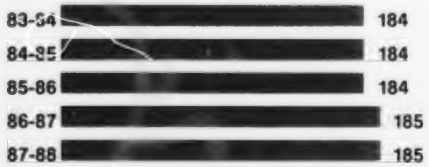
New equipment

More new buses were bought during the year, and work progressed on the manufacture of new locomotives and bi-level rail coaches.

GO took delivery of 10 102A2 highway buses from Motor Coach Industries and 12 Orion 40-foot transit coaches from Ontario Bus Industries, the latter the first of this type for the GO Bus fleet. The purchases were made under the vehicle acquisition, retirement, and structural assurance programs that had been introduced last fiscal year to ensure the fleet is kept maintained in optimal service condition; the roster increased by 20 vehicles as a result to 204 buses at year end.

Production of new rail equipment to meet expansion needs continued during 1987-88. Two multi-million-dollar orders were in the works: one for 16 new locomotives (eight for expansion, the others to replace the original units GO had started out with in 1967), and one for 63 Bi-level III coaches, the latest version of the innovative doubledecker which GO had introduced in 1978. The new locomotives, designated F59PH, are being designed jointly with General Motors of Canada's Diesel Division, the manufacturer; UTDC Inc. is the bi-levels' maker. Delivery of both is set to begin in the summer of 1988.

Rail Car Fleet
Active at year end



Bus Fleet
Active at year end

Maintenance

Construction began on a major, multi-year expansion of Willowbrook Maintenance Depot, GO's train servicing yard on the Lakeshore West line, to handle the new rolling stock being procured for GO Train service expansion. Work completed this year included new storage and bypass tracks and the construction of a storage building and service compound for plant maintenance.

Oil interceptors were installed at Hamilton and Newmarket bus garages, completing a program to protect all maintenance facilities against ecological damage in the event of a fuel spill. Lighting and ventilation improvements were also carried out at GO's main bus garage, Steeprock.

Backshopping of equipment continued, with 21 more cars completed in the bi-level upgrade program retrofitting the original Bi-level Is to Bi-level II standards, and the refurbishing of 30 more buses to enhance appearance and extend service life. As well, the entire bus fleet was outfitted with microprocessor bus ticket issuers (BTIs) to replace obsolete, mechanical fare register equipment.

STATIONS & TERMINALS

Downtown Toronto

Begun in 1978, the extensive redevelopment of Union Station's western approach corridor finished in April 1987 when a new, computerized signal system went into operation, governing train movements through one of the busiest rail junctions in Canada. The project cost $60 million – borne entirely by the Province of Ontario – and included the $10-million GO concourse built in 1979 and some $6 million in improvements since.

Union Station works this fiscal year included preparing for the switch to POP ticketing, and installing new electronic signage and public address equipment under a major upgrade of the station's existing passenger information system. Improvements will continue to be made to meet anticipated demand for GO Train service in the downtown core: GO Transit is developing a master plan for the station that will consider the long-range needs of major development projects such as SkyDome, Toronto's covered stadium being built in the adjacent railway lands, and various commercial and office complexes near the station. Short-term improvements are also being planned, including better access to the TTC subway, and the Harbourfront LRT line under construction.

Other stations

Numerous works were undertaken at various train stations and bus terminals through the year.

Parking lots were expanded at Brampton, Clarkson, and Erindale stations, increasing the system's total capacity by 750 spaces to 17,600; expansions proposed for fiscal 1988-89 include Richmond Hill, Port Credit, Oakville West, and Markham stations.

The multi-year tunnel repair program progressed on the Lakeshore and Georgetown corridors, GO's oldest rail routes, as did the program to rehabilitate train platforms at various stations in the system.

CN Rail continued rehabilitating track on the GO Train system, of which GO's share was $5 million in 1987-88; most of the work was ballast and tie renewal along the Lakeshore West between Exhibition and Port Credit stations and entailed the replacement of about 46,000 ties.

On the bus side, structural improvements continued at Hamilton Bus Terminal to extend its serviceable life.

◀ *GO Train system switches to POP honor fare ticketing in October 1988*

THE FUTURE

Major expansions and improvements figure prominently in GO Transit's future.

Work continued apace on extending the Proof of Payment ticketing system (covered earlier in this report) and on the GO Train Service Expansion Program, GO's biggest expansion ever, now in the final stages of construction. GO Transit was also actively involved in the Province's formulations of strategic directions for transportation in the Greater Toronto Area.

GO Train Service Expansion Program

▲ *Whitby station going up; concrete ties are a GO first*

The expansion progressed on schedule. Unveiled in 1985, the program comprises extension of full rail service on the Lakeshore line east from Pickering to Whitby and west from Oakville to Burlington; expansion of Milton line train service; purchase of rolling stock; and expansion of Willowbrook Maintenance Depot to handle the expanded fleet (both detailed earlier).

On the Lakeshore East extension, all major civil works contracts for trackbed and bridges were completed this fiscal year. A sod-turning ceremony in August marked the start of construction of the new Whitby station. Highway 401's new Westney Road interchange in Ajax officially opened in December. Construction began on Ajax station's platform foundations, as well as renovations to Pickering station. Wayside power for train layover was installed, and signal structure and cable installation was finished, with intensive testing of the signal system scheduled for the summer of 1988. All

construction proceeded on schedule, and GO began marketing the extension to the public under the name GO Points East. The 15-kilometre extension will be the first route operated on GO's own right-of-way and the first to use concrete ties.

On the Lakeshore West, construction began on a second platform at Burlington station and a new station at Appleby midway between Burlington and Oakville West stations; when it goes into service in October 1988, Appleby should relieve parking lot congestion at the existing Burlington station. CN Rail continued with detailed rail traffic analysis of the Toronto to Burlington corridor to identify the plant improvements needed for full service into Burlington in the early 1990s (the first phase of this extension had begun in October 1986 with improvements to rush-hour service).

Meanwhile, the preferred alignments for both the Burlington to Hamilton and the Whitby to Oshawa routes were identified, and the public consultation and environmental assessment process continued in conjunction with the Ministry of Transportation.

On the Milton line, work also progressed on schedule. This expansion will increase capacity from three to five weekday-rush-hour trips and is scheduled for completion in December 1988. The work included construction of a third mainline track by CP Rail, and station improvements and parking lot expansion at Erindale.

Strategic directions

The Ontario Government's long-range transportation thrust for the Greater Toronto Area (GTA) took shape during the year, with GO Transit playing an active role in the consultative process.

The Provincial budget of May 1987 announced new funding for transportation investment across the province to the tune of $290 million over three years, $130 million of which was earmarked for the GTA. GO's share of this funding, known as OTII, for Ontario Transportation Investment Initiatives, was $2.4 million for the first year; the money was deployed for fare integration and service coordination improvements, which included Twin Pass and new studies into improving the physical transfer between GO and other transit systems, and in short-term operational improvements that included the Highway 403 bus service and a new Bolton bus service scheduled to be launched early the next fiscal year. OTII also called for the development of a network of intermodal "gateways" to make it easier for commuters to transfer from cars to transit, or from buses to rapid transit.

The Province's Transit Advisory Group, charged to investigate means of improving interregional transit in the GO service area, released its findings in December 1987. GO Transit endorsed all of the report's recommendations save one: it did not support a proposal to establish a new agency to coordinate interregional transit, maintaining that this function can be effectively accomplished under the Ministry of Transportation's existing structure through the assignment of appropriate mandates and responsibilities.

At year end, the Province had also completed a further extensive investigation of the GTA's transportation priorities in conjunction with GO, the TTC, and the area's municipalities; this joint review's recommendations were scheduled to be announced early in fiscal 1988-89. A Ministry of Transportation task force on improving accessibility to conventional transit for the disabled and the elderly was also wrapping up its findings by year end – findings that GO will be assessing carefully over the next year to reconfirm its policy and direction in this area.

Objectives

GO Transit (the Toronto Area Transit Operating Authority) is an Agency of the Crown established to:

Design and operate interregional transit for people whose travel takes them through more than one regional municipality;

And encourage convenient and efficient meshing of the transit systems operating in the Greater Toronto Area and interfacing with the GO Transit network.

Area of jurisdiction

GO Transit is a voluntary association, empowered by legislation, of the Regional Municipalities of Peel, York, Durham, Halton, and Hamilton-Wentworth, the Municipality of Metropolitan Toronto, and the Province of Ontario.

Membership

GO Transit's Board comprises seven Members: the Chairman, appointed by the Lieutenant Governor in Council, and, ex officio, the Chairmen of the Councils of Peel, York, Durham, Halton, Hamilton-Wentworth, and Metropolitan Toronto.

It reports to Cabinet through the Minister of Transportation.

Members

L.H. PARSONS
Chairman

G.H. HERREMA
Vice-Chairman of the Board
Chairman, Council of
The Regional Municipality of Durham

R.F. BEAN
Chairman, Council of
The Regional Municipality of Peel

C.D. FLYNN
Chairman, Council of
The Municipality of Metropolitan Toronto

E.R. KING
Chairman, Council of
The Regional Municipality of York

P.D. POMEROY
Chairman, Council of
The Regional Municipality of Halton

W.L. SEARS
Chairman, Council of
The Regional Municipality of
Hamilton-Wentworth

Minister

The Honourable ED FULTON
Minister of Transportation

Officers

T.G. SMITH
Managing Director
Secretary to the Board

A.M. ROBINSON
Director, Finance
Treasurer to the Board

J.A. BROWN
Executive Director, Operations

H.W. CLELLAND
Executive Director, Engineering,
Development and Plant

D.A. SUTHERLAND
Executive Director, Planning,
Finance and Administration

Executive staff

Reporting to the Chairman is the Managing Director, under whom are the Executive Directors of GO's three Divisions:

The Operations Division is responsible for the delivery of transportation service to the public and for rolling stock acquisition and maintenance. The Planning, Finance and Administration Division is charged with business and strategic planning and the organization's finance and administration. Responsible for engineering and development and plant management is the Engineering, Development and Plant Division.

Employees

▲ *Bus driver Hugh Scott*

▲ *Cooksville station attendant Dani Tollefson*

GO Transit's work force numbers about 900, ranging from front-line personnel such as bus drivers, ticket sellers, and transit enforcement staff, to behind-the-scenes employees like mechanics, maintenance crews, telephone information staff, operations controllers, dispatchers, and office staff. Another 500 employed by CN Rail, CP Rail, Gray Coach Lines, and Charterways – GO's operating contractors – are also directly involved in running the system as bus drivers and train crew and servicing personnel.

Transit enforcement officers ▲ Craig Haswell (left), Barb Turner, and Devon Williams

◀ *Mechanics Colin Mayers (left) and Luciano Ricci at Steeprock Bus Garage*

To the Members of the
Toronto Area Transit Operating Authority,
the Minister of Transportation
and the Provincial Auditor:

We have examined the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1988 and the statements of equity, operations and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick.

Peat Marwick
Chartered Accountants

Toronto, Canada
May 24, 1988

TORONTO AREA TRANSIT OPERATING AUTHORITY

BALANCE SHEET AS AT MARCH 31

(In thousands of dollars)

Assets

Current	1988	1987
Cash	$ 61	$ 1,436
Accounts receivable	2,217	2,094
Deposit with Canadian National Railway Company	14,250	12,600
Due from the Province of Ontario	33,136	13,825
Spare parts and supplies	1,245	1,269
Prepaid expenses	415	193
	51,324	31,417
Fixed		
Land	24,922	24,922
Buildings and equipment (Note 2)	147,851	159,356
Leasehold improvements, net of accumulated amortization of $699 (1987 - $410)	5,075	5,364
Improvements to railway right of way and railway plant, net of accumulated amortization of $43,074 (1987 - $36,333)	91,859	100,098
Construction in progress		
Toronto Transportation Terminal Project	31,577	32,727
GO Train Service Expansion Program	137,363	62,221
Other	30,884	5,098
	469,531	389,786
	$520,855	$421,203

Liabilities

Current	1988	1987
Accounts payable and accrued liabilities	$ 47,524	$ 27,683
Unearned revenue in respect of tickets sold and not used	940	962
	48,464	28,645

Equity

Province of Ontario	472,391	392,558
	$520,855	$421,203

Commitments (Note 6)

On behalf of the Members

Chairman L.H. Paxton

Member J. Herrema

See accompanying notes to financial statements.

STATEMENT OF EQUITY

FOR THE YEAR ENDED MARCH 31
(In thousands of dollars)

	1988	1987
Equity at beginning of year	$392,558	$322,209
Capital contribution from the Province of Ontario	99,417	88,382
	491,975	410,591
Amortization of capital contributions	(19,584)	(18,033)
Equity at end of year	$472,391	$392,558

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31
(In thousands of dollars)

	1988	1987
Revenue		
Commuter services	$ 63,880	$ 56,700
Sundry revenue (Note 4)	2,438	2,157
	66,318	58,857
Expenses (Note 5)		
Train and bus operations	78,742	77,134
Terminals and plant	35,039	31,755
General and administration	19,678	17,000
	133,459	125,889
Loss from operations	67,141	67,032
Operating subsidy from the Province of Ontario including amortization of capital contributions of $19,584 (1987 - $18,033)	67,141	67,032
Net income for the year	$ —	$ —

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31

(In thousands of dollars)

	1988	1987
Cash from (used in) operations		
Revenue	$ 66,318	$ 58,857
Expenses	(133,459)	(125,889)
Adjustments for non-cash items:		
Depreciation and amortization	19,584	18,033
(Gain) loss on sale of fixed assets	(106)	7
	(47,663)	(48,992)
Net change in non-cash working capital balances	17,848	(6,721)
	(29,815)	(55,713)
Cash from (used in) investment		
Fixed asset additions	(99,417)	(88,382)
Fixed asset disposals	194	680
	(99,223)	(87,702)
Cash from financing		
Province of Ontario		
Operating subsidy	46,836	53,100
Capital contributions		
GO Train Expansion	57,600	56,908
Other	23,227	33,700
	127,663	143,708
Net increase in cash	(1,375)	293
Cash, beginning of year	1,436	1,143
Cash, end of year	$ 61	$ 1,436

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1988

(In thousands of dollars)

1. Significant accounting policies

These financial statements are prepared by management in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

(a) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost and replacement cost.

(b) Fixed assets

Fixed assets are valued at cost.

The Authority provides for the depreciation and amortization of the various classes of assets over their estimated useful lives on a straight line basis. Depreciation for locomotives and auxiliary power control units is calculated using a straight line rate applied to cost plus an estimation of future overhaul costs.

Buildings and equipment	
Shelters and ticket booths	5 years
Other buildings	20 years
Locomotives and auxiliary power control units	25 years
Other railway rolling stock	25 years
Buses	12 years
Parking lots	20 years
Sundry — Furniture and fixtures	12 years
— Other	3-5 years
Improvements to railway right of way and railway plant	20 years
Leasehold improvements	20 years

(c) Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the balance sheet as current liabilities.

(d) Subsidies

Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful lives of the related assets.

2. Buildings and equipment

	1988			1987
	Cost	Accumulated depreciation	Net book value	Net book value
Buildings	$ 33,427	$ 13,562	$ 19,865	$ 21,458
Locomotives and auxiliary power control units	31,059	17,011	14,048	15,693
Other railway rolling stock	143,138	46,495	96,643	102,636
Buses	24,137	14,482	9,655	11,670
Parking lots	7,718	3,040	4,678	5,063
Sundry	7,057	4,095	2,962	2,836
	$246,536	$ 98,685	$147,851	$159,356

3. Operating agreements

A significant amount of the services provided by the Authority are operated by outside parties using vehicles and rolling stock owned by the Authority. Charges from the parties in respect of the operating agreements are recorded on an incurred and estimated basis. These services are governed by the following agreements:

Canadian National Railway Company
Canadian Pacific Limited
Gray Coach Lines
Charterways Transportation Limited

4. Sundry revenue

The details of sundry revenue are as follows:

	1988	1987
Interest income	$ 203	$ 197
Rentals - rolling stock	229	53
Rentals - space	589	614
Advertising revenue	212	245
Commissions - ticket sales	582	553
Gain (loss) on sale of fixed assets	106	(7)
Other	517	502
	$ 2,438	$ 2,157

5. Expenses

Further details of expenses are as follows:

	1988	1987
Salaries, wages and fringe benefits	$ 28,099	$ 24,400
Payments to outside parties for operation of services	45,985	46,512
Fuel and oil	8,434	7,682
Other expenses	21,612	19,220
	104,130	97,814
Leases, rentals and user charges	9,745	10,042
Depreciation and amortization	19,584	18,033
Total expenses	$133,459	$125,889

Of the total expenses above, $104,130 (1987 - $97,814) is recognized as recoverable, in part, from passengers and other sources of revenue. The target amount to be ultimately recovered has been established by the Authority at 65% of the recoverable expenses. In 1988, total revenue amounted to $66,318 (1987 - $58,857) and represents a recovery of 63.7% (1987 - 60.2%) of the recoverable expenses.

6. Commitments

(a) Purchase of bi-level commuter rail cars

The Authority has entered into a contract with the Urban Transportation Development Corporation (U.T.D.C.) for the purchase of 63 bi-level commuter rail cars. Under the terms of the contract the Authority is required to pay progress billings to U.T.D.C. at certain stages of the cars' manufacture. These payments are included in Construction in progress, GO Train Service Expansion Program, in the balance sheet. Progress billings paid to March 31, 1988 are $30,337 (1987 - $12,403).

The balance of the purchase price for the cars of $60,535 will be paid out over the next 2 years.

(b) Purchase of locomotives

The Authority has entered into a contract with General Motors of Canada Ltd. for the purchase of 8 locomotives for the heavy rail expansion program and 8 replacement locomotives. Under the terms of the contract $18,508 (1987 - $1,812) has been paid in progress billings. These payments are included in Construction in progress, GO Train Service Expansion Program and Construction in progress, other in the balance sheet.
The balance of the purchase price for the locomotives of $18,508 will be paid out over the next 2 years.

(c) Toronto Transportation Terminal Project

The Toronto Transportation Terminal Project initially involved the Province of Ontario, the Authority, the Government of Canada, the Canadian National Railway Company, Canadian Pacific Limited and the Toronto Terminals Railway Company. As the parties could not reach agreement on a satisfactory cost sharing arrangement for the capital costs of the project, work is proceeding at the Authority's expense on a modified program which provides only for the immediate needs of the Authority's services.

(d) Leases

Minimum operating lease payments in each of the next five years and in aggregate are as follows:

1988 - 1989	$ 2,565
1989 - 1990	2,595
1990 - 1991	2,456
1991 - 1992	2,265
1992 - 1993	2,242
Thereafter	12,176
	$24,299

In addition to the commitments above, the Authority has entered an agreement to lease land which expires in 2079. The annual rental under this lease is one hundred and fifty-three thousand dollars.

7. Pensions

The Authority provides pension benefits for substantially all its permanent employees through participation in the Public Service Superannuation Fund established by the Province of Ontario. The Authority's share of contributions to the plan during the year was $1,165 (1987 - $952). This amount represents the total obligation of the Authority and is included in employee benefits in the Statement of Operations.

8. Board remuneration

Total remuneration of Members of the Board of Directors was forty-five thousand six hundred and ninety-five dollars during the fiscal year.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

GO Transit

From September 1988:

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Toronto (Downsview), Ontario
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M3J 3J8

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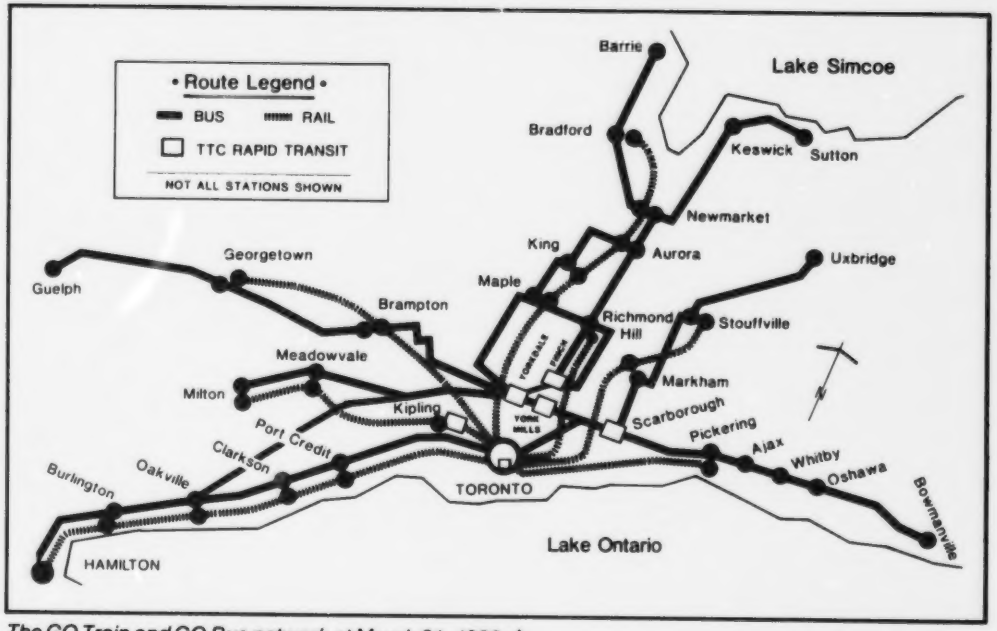

The GO Train and GO Bus network at March 31, 1988 ▲

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